GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5119
ANSWERED ON:26.04.2002
REVISION IN WAYS MEANS ADVANCE
UMMAREDDY VENKATESWARLU

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India revised the normal ways and means limit of State Governments;

(b) if so, the details and reasons for the same; and

(c) the guidelines issued by RBI to State Governments in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): Yes, Sir. The total revised normal Ways and Means limit for all States is now Rs.6,035 crores asagainst the earlier limit of Rs.5,283 crores representing an increase of about 14 percent. The normal Ways and Means limit are revised w.e.f. 1st April every year taking into account the previous three years` average of revenue receipts and capital expenditure. To this base, a ratio of 2.4 percent is applied for the non-special category States and 2.9 percent for the special category States with a minimum of normal WMA limit of Rs.50 crore for any State. As transactions in any State increases on a year to year basis, the Ways and Means limits have to be revised. Guidelines issued to the States incorporates the increased limits in Ways and Means assistance.